

TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

July 27, 2010

WCRH

TO: Internal File

THRU: Ingrid Campbell, Lead W

FROM: Peter Hess, Environmental Scientist III, Bond PHH/m/sas

RE: Incidental Boundary Change, West Ridge Resources, West Ridge Mine, Permit #C/007/0041 and Project #3583

SUMMARY:

The Permittee submitted an application to the Division on June 28, 2010 to increase the amount of coal reserves at the West Ridge Mine by 22.5 acres. The acreage is associated with Utah State coal lease ML-51744, which is managed by the School and Institutional Trust Lands Administration.

There will not be any additional surface disturbance associated with the recovery of the reserves in the 22.5 acres. This is based on the assumption that any subsidence created by the retreating longwall panels will not propagate to the surface through the 3000 feet of overlying burden. Also, the Permittee is assuming that degasification wells will not be necessary to bleed off excessive methane as the panels are being extracted.

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TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

Form of Bond

The Division currently holds two sureties in the amounts of \$ 2, 117,000.00 and \$ 67,000 to ensure the reclamation of the West Ridge Mine. The former is issued by the National Union Fire Insurance Company of Pittsburgh, Pennsylvania, while the later is issued by the Rockwood Casualty Insurance Company. The total bond is \$ 2,184,000.00.

Determination of Bond Amount

The Task ID # 3583 application indicates that there will not be any additional surface disturbance associated with the 22.5 acre increase in permit area. Therefore, there is no need to review or adjust the direct and indirect costs associated with this mining operation.

All bonding information is located in Chapter 5, Appendix 5-1, Reclamation Bond Calculations of the mining and reclamation plan.

Terms and Conditions for Liability Insurance

The Permittee renews the general liability insurance coverage for the West ridge Mine on an annual basis. The current coverage runs from June 1, 2010 through May 31, 2011, and it is provided by the Lexington Insurance Company.

Findings:

The current bond amount is adequate to meet the requirements of the R645 Coal Mining Rules. This is based on the assumption that no additional surface disturbance will be required to

recover the reserves or repair any impacts associated with the 22.5 acre lease addition (ML 51744).

RECOMMENDATION:

The Division should approve Task ID # 3583, Incidental Boundary Change.

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